

File ACT/04/1004

Scott M. Matheson, Governor Temple A. Reynolds, Executive Director Ralph A. Miles, Division Director

MICHAN II

March 7, 1983

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CERTIFIED MAIL NO. P21 3135519

Western Clay Company P. O. Box 1067 Aurora, UT 84620

RE: ML 1937 Clay

Gentlemen:

On March 3, 1983, I visited the site of your clay mining operation at Richmond. I noticed that you have opened a new clay field and the entire operation now appears to disturb more than two acres of surface. As you are aware, such case places Western Clay Company in violation of State mining law since the operation is not permitted for over two acres. Also, your \$2,000 bond presently held by this office is deemed an inadequate amount to cover the extent of present mining operations at this site.

It appears that Western Clay Company is in violation of the terms and conditions of our lease agreement governing this matter. Lessor hereby notifies Lessee of the following requirements which must be met within 30 days in order to return this lease to good standing.

1. Immediately post with this office an additional \$5,000 amount in lease performance and reclamation bond. Sunch bond may be a surety bond using the enclosed form or an automatically renewable time certificate of deposit having a maturity date of no greater than 12 months, taken out with an approved banking instutition as follows:

"Western Clay Company, or State of Utah, c/o P. O. Box 1067, Aurora, UT 84620"

- 2. Immediately cease all mining and extraction of leased substances from the leasehold until such time as you have an approved mining and reclamation plan in compliance with State mining law.
- 3. Immediately contact the Division of Oil, Gas, and Mining and inititate action to obtain an approved mining and reclamation plan.

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I am sorry for any burden these requirements may cause you. It must be clearly understood, however, that you may not conduct any mining operations on State land unless such operations are in compliance with State laws governing such activity and in full accordance with the terms and conditions of our lease.

Failure to comply with the requirements outlined above within 30 days may result in forfeiture of this lease, ML 1937, and in forfeiture of your \$2,000 bond, certificate of deposit no. 20208.

Sincerely yours,

JOHN T. BLAKE

MINERALS RESOURCE SPECIALIST

JTB/mh

ct: Mr. Tom Portal
Division of Oil, Gas, and Mining

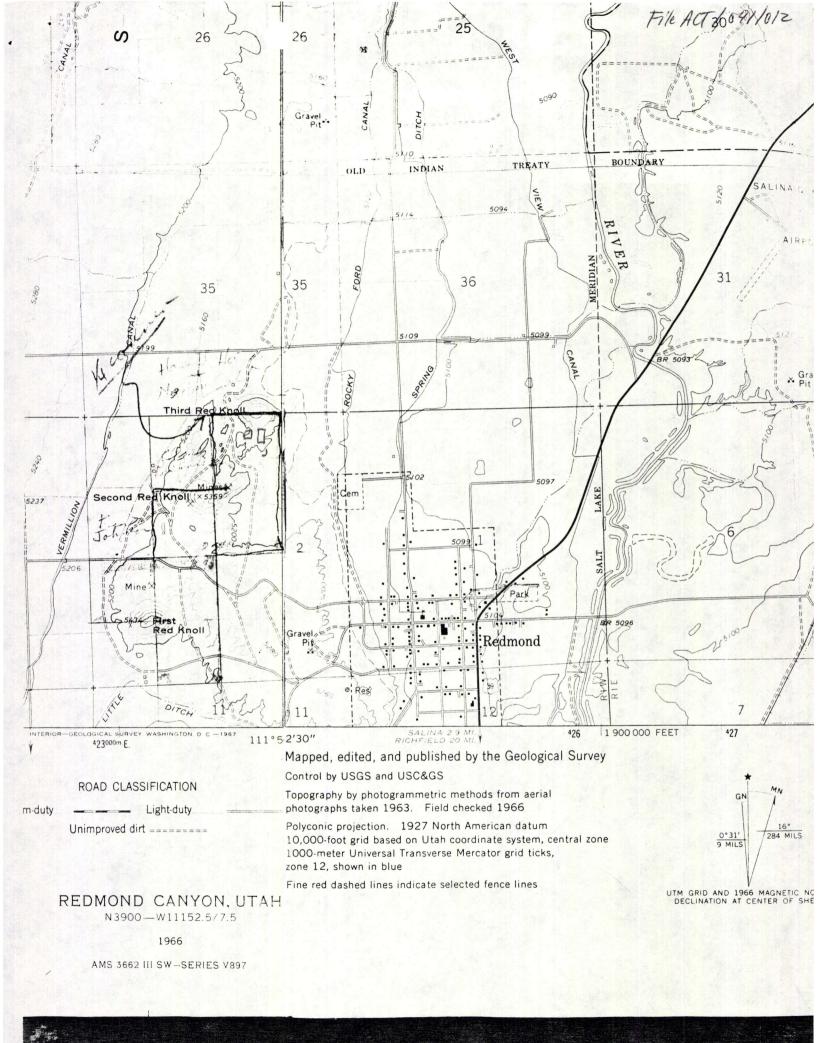
UTAH DIVISION OF STATE LANDS MINERAL LEASE NOTIFICATION REQUIREMENTS

Please compile and submit the following information to the Division of State Lands at least 60 days prior to the commencement of exploration operations which will disturb the surface of the land or of mining operations which are exempt from the Utah Mined Land Reclamation Act (Title 40-8, U.C.A. 1953).

- 1. Lease number, land description, name of Lessee and operator.
- 2. USGS topographic map marking the location of all proposed drill holes, excavations, land fills, and road work.
- Description of the depth, size, or dimensions of all disturbances marked on the above map.
- 4. The source, amount, use, and disposal of any water or fluids involved in the operation.
- 5. A description of existing land uses in the immediate vicinity of operations.
- 6. Any right of ways to be acquired for access.
- 7. Detailed plans for reclamation to include method of solid waste disposal, plugging of drill holes, filling of pits, removal of buildings or structures, contouring of surface, care of topsoil, and seeding of vegetation.
- 8. A timetable of the conduct and completion of operations.

SUPPLEMENTAL: (For Mining Operations Only)

- A. An estimate of the number of surface acres to be disturbed and the volume of material to be extracted each year.
- B. A site map of development including the locations of shafts, pits, ponds, buildings, stockpiles, conveyors, and etc.
- C. A description of mining methods including the handling of overburden, ore, and etc.
- D. Water rights to be acquired, including stream diversion or channel changes.
- E. A descripton of means and routes of transport of ore from mine site to processing station, or point of sale.
- F. Number of persons to be employed and where they may live.



MINERAL SERVICES, INC.

543 SOUTH 2165 WEST SALT LAKE CITY, UTAH 84104

ELDRED M. GARRICK

PRESIDENT

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CONSULTANTS FOR EXPLORATION EVALUATION MINING